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C O N F I D E N T I A L SECTION 01 OF 04 MANILA 000190

SIPDIS

STATE FOR S/CT/NOVIS/SLAVEN/CHANDLER, EAP/MLS, AND EAP/MTS

E.O. 12958: DECL: 01/13/2016

TAGS: [PREL](#) [PTER](#) [ECON](#) [PGOV](#) [KCRM](#) [KTFN](#) [RP](#)

SUBJECT: PHILIPPINES: COUNTERTERRORISM ASSISTANCE (PART 2)

REF: A. STATE 4536

[1](#)B. MANILA 171

Classified By: Acting Pol/C Joseph L. Novak
for reasons 1.4 (b) and (d).

[1](#)1. (C) Summary. The Philippines faces multiple terrorist threats. The US Mission in Manila coordinates a robust interagency program of counterterrorism training and technical assistance, and hopes further to expand such efforts in FY 2006-2008, if additional funds are available. As part 2 of a two-part series in response to ref A, this telegram covers our assistance programs. Part 1 (ref B) covered training efforts. End Summary.

[1](#)2. (C) The Philippines is on the front line in the global war on terrorism. It faces multiple threats ranging from the al-Qaida-linked Jemaah Islamiyah (JI), Abu Sayyaf Group (ASG), and Rajah Solaiman Movement (RSM) to the indigenous Communist Party of the Philippines/New People's Army (CPP/NPA). The US Mission in Manila's counterterrorism training and assistance effort is a coordinated, multi-faceted, interagency approach, spanning the spectrum from USAID's economic development programs to Joint US Military Assistance Group (JUSMAG) training and exercises, Diplomatic Security Anti-Terrorism Assistance (ATA), and Joint Special Operations Task Force-Philippines (JSOTF-P) civil-military operations and operations-intelligence fusion assistance. Each one of our programs has synergy with and builds upon the other, e.g., JSOTF-P civil-military operations in Mindanao are planned and occur in concert and close coordination with pre-existing USAID activity. The Mission's Law Enforcement/Counterterrorism Working Group and Political-Military Working Group, in particular, ensure full vetting of and coordination of these programs.

COUNTERTERRORISM ASSISTANCE IN 2005

[1](#)3. (C) 2005 witnessed some successes in our counterterrorism cooperation with the Philippines. In January, Philippine authorities recaptured Toting Craft Hanno, an ASG terrorist under US indictment for the kidnapping of four American citizens, and two of their subsequent murders. In March, Philippine security services disrupted a RSM/ASG plot targeting US interests in Manila and arrested JI terrorist trainer Rohmat in Mindanao. In August, AFP units conducted sustained field operations in (ultimately unsuccessful) efforts to capture Khadaffy Janjalani, Dulmatin, and other high-level terrorist leaders. In October and December, they captured RSM leader Ahmad Santos and his deputy in separate arrests in Zamboanga. In November, JSOTF-P elements deployed to Jolo, the heartland of the Tausug ethnic group that forms the core element of the ASG, as the first step to repeating the highly successful "Basilan Model" in Sulu (paras 13-14). While this progress was encouraging, it underscores the need to do more to help the Philippines in its efforts to defeat the terrorist threats it faces.

[1](#)4. (C) 2005 also saw the establishment and broadening of the Philippine Defense Reform (PDR) initiative, with the arrival in January of US subject matter experts. By mid-year, the AFP Deputy Chief of Staff for Logistics (J4) had fully embraced PDR's concepts, and significant strides were made in introducing logistics and procurement reforms. The Department of National Defense provided the Philippine Congress its first-ever six year budget plan. Its first-ever Defense Planning Guidance (DPG) set the stage for a six-year equipping and training cycle that, along with a new Planning, Programming and Budgeting System (PPBS) program, established the foundations for the AFP's long-term transformation into a modern, transparent, and effective force capable of undertaking its own successful counterterrorism operations. Recognizing the need to translate this success to the operational sphere, Defense Secretary Avelino Cruz obtained 5 billion pesos to equip re-trained AFP battalions in 2006, and asked for US help in establishing a National Training Center and in moving ahead with Philippine Intelligence Reform (PIR), a comprehensive restructuring and rationalization of AFP intelligence collection entities.

[1](#)5. (U) U.S. and Philippine authorities worked closely during 2005 on rewards programs targeting terrorist groups. Using

its Rewards Program, the U.S. Department of Defense made a major payment of \$50,000 in November to a Filipino informant for his role in the capture of Rohmat, a.k.a. Zaki, a JI operative linked to the February 14 bombings. Other payments were made to informants whose information led to the capture of ASG operatives Rasman Mohammad (\$2500, July 2005); Asbar Ismael (\$5000, September 2005); Yadzi Manatad (\$5000, September 2005); and Gumbahali Jumdal (\$15,000, September 2005; payment made to the family of the deceased informant). The U.S. Department of Defense also made two in-kind payouts under the rewards program in July, valued at \$1000 and \$2500, respectively.

16. (C) USAID contributes to the fight against terrorism in the Philippines by consolidating peace and bringing opportunity to conflict-affected areas of Mindanao. With USAID assistance, over 28,000 former combatants of the Moro National Liberation Front (MNLF) have successfully reintegrated into the peacetime economy, transforming one of the largest and most enduring rebel forces in the region. USAID continues to fund activities that: integrate former Muslim combatants and their communities into the mainstream economy; improve economic and business infrastructure in conflict-affected areas, including links with business and transport hubs; promote good governance in managing and sustaining natural resources; and, address social and economic disparities in income, education and health. Opportunities for lasting change are unprecedented, e.g., USAID's new education program improves access to quality education, including in Islamic schools (madari), and provides livelihood skills for out-of-school youth. Continued success in improving the social and economic conditions in Mindanao is essential to encourage the Moro Islamic Liberation Front (MILF) to work for a peace agreement - and adhere to it over time. In the event of a peace agreement, USAID is poised to move quickly and effectively to initiate development assistance for MILF communities. Provided adequate ESF funding is subsequently also made available, USAID can sustain these initial efforts and help the GRP consolidate the peace.

17. (C) In 2005, the Department of Homeland Security's office of Immigration and Customs Enforcement (DHS/ICE) offered several different kinds of assistance to the GRP through its coordination with various government offices on CT-related issues. DHS worked with the Bureau for Immigration and Deportation (BID), Customs, and private airlines on recognizing fraudulent travel documents. DHS/ICE also coordinated with the Philippine National Police (PNP) and Customs on weapons-smuggling matters, and worked with the GRP broadly on money-laundering matters.

18. (C) A contractor from the U.S. Department of Treasury provides full-time assistance to the GRP's Financial Intelligence Unit of the Anti-Money Laundering Council (AMLC). In this role, he provides numerous training sessions throughout the year to members of AMLC and to the PNP, Department of Finance, and other GRP agencies. He has also given training directly on counter-terrorism, holding five classes outside of Manila and seven at the Central Bank. He worked with the Legal Attache to give counterterrorism training to Philippine law enforcement officers and investigators before the November Southeast Asia Games. Additionally, U.S. teams from the Financial Action Task Force (FATF) visited the Philippines in 2005 to conduct several day assessments of the AMLC's ICT system for data collection and information linkages of Covered Transaction and Suspicious Transaction Reports. A U.S.-Canadian team from the Egmont Group also visited in 2005 to conduct an assessment of the legal system and enforcement potential of the government in countering terrorism and terrorist financing. Treasury also paid for several overseas training trips on money laundering for the Executive Director of AMLC and members of his staff. USAID-funded activities with AMLC have also increased the capacity of AMLC to identify, investigate, and prosecute money-launderers and those engaged in terrorist financing.

ONGOING ASSISTANCE EFFORTS REQUIRING RESOURCES

19. (C) Rewards Programs in 2006: A payout to the informant who led to the capture of Toting Craft Hanno, an ASG terrorist under U.S. indictment for his role in the Burnham kidnappings was approved in November 2005 and will be made on January 17. As we continue these efforts in 2006, we need Washington's help to speed up the approval process.

10. (C) Building on USAID Successes: In 2006, USAID will increase funding of rule of law activities in the Autonomous Region of Muslim Mindanao (ARMM) to increase confidence and faith in crucial government institutions. USAID will also continue its partnership with the Philippine judiciary targeted at, among other things, increasing the efficiency of the Sandiganbayan (Philippine Graft Court) in order to eliminate existing opportunities for terrorists and their associates to avoid arrest, prosecution, and confinement.

10. (C) Backing Moderates To Reinforce the Peace Process: The GRP-MILF peace process is an important element in our effort to isolate the JI, ASG, and RSM. We intend to continue these contacts in an effort to promote and reinforce the moderates within the MILF leadership, with future engagement focused on how to support the Bangsamoro Development Fund. The MILF has already expressed interest in USAID's highly successful "Arms to Farms" program, and quick disbursing assistance in the event of a peace agreement could help remove many of the MILF's 10,000 fighters from the conflict. Nonetheless, we should be prepared to deal with a smaller group of hard-core holdouts that may seek to maintain ties with the JI and other Islamist extremist groups.

12. (C) Introducing Moderate Muslim Role Models: We need to think innovatively and creatively about how to introduce moderate Muslim role models in Mindanao. The September 2005 visit under the US Speakers Program of Baltimore-based Imam Mohamed Bashar Arafat is an example of the type of exchange we need to encourage. Imam Arafat's interaction with fellow Muslims in Mindanao and Jolo provided his interlocutors a tolerant, progressive vision of Islam. Such visits by US Muslim community leaders could promote a positive exchange on how Muslim minorities can successfully integrate into a civil society. US educators could potentially help their Filipino counterparts combat jihadist ideology by developing a modern, relevant religious education curriculum. We should consider supporting AFP proposals to use Muslim intregrees as teachers in conflict affected areas of the Sulu Archipelago. USG assistance in these efforts is crucial to their success. We should continue and expand our assistance on madrassah curriculum reform, including exchange programs.

11. (C) Getting a Counterterrorism Framework in Place: SecDef Cruz and his staff have suggested creating a more stable legal framework for RP-US counterterrorism cooperation to replace the current ad hoc Project Bayanihan formula. The proposed Security Engagement Board (SEB) concept would mirror the Mutual Defense Board and bring counterterrorism, counternarcotics, search and rescue, and disaster relief under the Visiting Forces Agreement (VFA), giving the AFP the constitutional protection needed to justify its activities, if required, to the Philippine Senate. SecDef Cruz believes that, similar to the MDB, an exchange of notes, plus a GRP executive order, is sufficient to implement the concept. The establishment of the SEB, which is one of our major goals for 2006, would provide the basis for the proposed Kapit Bisig (Shoulder-to-Shoulder) framework of counterterrorism cooperation, covering civil affairs, security assistance training, and AFP operations.

12. Maintaining Philippine Defense Reform (PDR) and PNP Transformation Momentum: The Philippine Department of National Defense (DND) Office of the Undersecretary for PDR (OUSPDR), with assistance from the eight US Subject Matter Experts (SME) currently in the Philippines, has developed a comprehensive implementation plan that will yield significant positive results to make the AFP a more effective partner in the GWOT. This plan includes the addition of a Professional Enlisted Development (PED) Program to the PDR, hiring four additional SMEs; additional Combat Life Support (CLS); and air ambulance medical equipment for four helicopters. An assured funding stream is vital to our efforts in PDR. A new transformation plan for the Philippine National Police needs significantly more USG assistance, building from the recommendations of the 2005 INL-led Assessment Team to help make the PNP is similarly a more effective and modern force in our joint counterterrorism and other law enforcement (including TIP and IPR) cooperation.

13. (C) Replicating The Basilan Model On Jolo: The model we are using in the Sulu Archipelago and central Mindanao is based on the concepts developed on Basilan during Balikatan 02-1, when US military advisors, working in tandem with USAID, engaged in a comprehensive program of civil-military operations and training that allowed the AFP and PNP to take back the island from the Abu Sayyaf Group (ASG) and force its leaders to flee from their former stronghold. JSOTF-P is now replicating this approach on Jolo in a multi-year engagement plan aimed at marginalizing the terrorists by restoring trust in the AFP and local governments through targeted, rapidly implemented infrastructure development projects, improved AFP counterterrorism capabilities, and a Country Team coordinated strategic communications effort.

14. (C) Building on JSOTF-P Successes: Primary contributing factors for terrorism in the Sulu Archipelago are education and unemployment. In the war to win local opinions and build trust, initiatives that make a dramatic, tangible difference in people's lives can have a tremendous impact. JSOTF-P teams on Jolo in consultations with local community leaders identified a number of such projects, e.g., roads, wells, schools, and sanitation that complement USAID's longer-term presence. A small amount of money, approximately \$2.4 million, and Commander's Emergency Response Program (CERP)

authority similar to other conflict areas confronting the terrorist threat, could help JSOTF-P make this multi-dimensional approach a success. The CERP is a proven tool for civil infrastructure development in Iraq and Afghanistan. It would provide JSOTF-P a high degree of flexibility to meet immediate needs of civilians in conflict-affected areas of Mindanao.

15. (C) A Similar Opportunity on Tawi Tawi: Tawi Tawi offers a similar opportunity. JSOTF-P's comprehensive series of civil-military operations (CMO) projects planned for select areas of the province could help reduce the influence of the ASG and JI, who currently use Tawi Tawi as a major transit point into and out of the Philippines. The proposed deployment of the USNS Mercy, like the earlier visit of Expeditionary Strike Group-1, in addition to regular ship visits and exercises, can help reinforce JSOTF-P's civil-military operations in the Sulu Archipelago. The long-awaited construction of a major bridge with USG assistance would provide a further impetus to the promotion of an economic environment helpful to combat terrorism and reward those who make the choice away from terrorism. We need to continue and develop these initiatives.

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